

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
Washington 25, D. C.

**\*OMB Waiver Letter In ERU File\***

March 13, 1956

My dear Mr. Chairman:

This is in response to your requests for reports on S. 2365 and S. 2469, similar bills "Extending the authority of the General Services Administration with respect to warehouses and other storage facilities operated by civilian agencies of the Government." These bills apparently are intended to accomplish Recommendation 2(b) contained in the report on Depot Utilization by the Commission on Organization of the Executive Branch of the Government. Both bills provide that the General Services Administration shall exercise either directly or in such other manner as the Administrator of General Services may prescribe, all functions heretofore exercised by each civilian agency of the Government with respect to the operation and management of warehouses and other storage facilities.

The Federal Property and Administrative Services Act was intended to assign substantial authority to the Administrator of General Services for all phases of supply management, including warehousing and storage operations. In order to evaluate the effect of S. 2365 and S. 2469, the authority which they would give to the Administrator must be compared with his existing statutory authority. Section 201(a) of the Federal Property and Administrative Services Act authorizes the Administrator to (1) "prescribe policies and methods of procurement and supply of personal property and non-personal services, including related functions such as contracting, inspection, storage, issue, property identification and classification, transportation and traffic management, management of public utility services, and repairing and converting," and (2) "operate, and after consultation with the executive agencies affected, consolidate, take over, or arrange for the operation by any executive agency of warehouses, supply centers, repair shops, fuel yards, and other similar facilities...."

The above language, standing alone, appears to give the Administrator complete authority and flexibility in controlling or taking over the management of Government warehousing and storage. However, the Act also contains qualifying provisions which define the manner and extent to which the Administrator may take over or regulate supply operations. The principal result of enacting S. 2365 or S. 2469 would be to remove the requirements which are now imposed upon the Administrator.

One of these qualifications is that the Administrator is required to consult with agencies before making decisions or taking actions which will affect their programs (sections 201(a) and 205(h)). We believe this is a reasonable requirement which should not be repealed. The General Services Administration is responsible not only for controls but also for rendering a service to Federal agencies. We do not believe it should have authority to act without regard for agencies' program activities.

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The Act also provides that before the Administrator may take over an agency's supply functions, he must determine "that so doing is advantageous to the Government in terms of economy, efficiency, or service...." We believe this also is a reasonable and necessary requirement which should not hamper the General Services Administration in accomplishing its goals. The Congress has recently reaffirmed in even stronger terms the principle that the General Services Administration should be required to justify its actions in terms of economy, efficiency and service by enacting Public Law 766, 83d Congress. This legislation amends the Federal Property and Administrative Services Act by authorizing the Administrator to establish interagency motor vehicle pools. It contains the following provision:

"Any determination made by the Administrator...shall set forth in writing an analytical justification for the establishment, maintenance, and operation of each such motor vehicle pool and system. Such justification shall include a detailed comparison of estimated costs of present and proposed modes of operation and a showing that savings can be realized by the establishment, maintenance and operation of such pool or system."

The Act further provides that when a function is transferred to the General Services Administration, the Director of the Bureau of the Budget shall determine what personnel, records, property and funds are so directly related that they should be transferred with the function. S. 2365 contains similar language but S. 2469 simply provides that such property, records, personnel and funds as are necessary shall be transferred to the General Services Administration and does not name the Director of the Bureau of the Budget or otherwise state how the proper amounts for transfer are to be determined. We believe the Bureau of the Budget must be concerned with such matters because fiscal and budgetary questions are involved.

Section 602(d) of the Act provides statutory exemptions from authority of the Administrator of General Services for certain agencies and programs. These include the Atomic Energy Commission, the Central Intelligence Agency, the Tennessee Valley Authority and specified programs in the Housing and Home Finance Agency, and the Departments of State, Defense, Agriculture, Commerce, and Post Office.

Your subcommittee has considered similar problems relating to exemptions from control by the Administrator over excess and surplus property (S. 2247, S. 2367, and S. 2591) and is considering the same problem with respect to transportation and traffic management functions (S. 2366). Each of these bills would repeal the statutory exemptions but would authorize the President to make exemptions by Executive order when he deems such action to be in the public interest. We would favor similar legislation for storage and warehousing functions which would permit reexamining the need for exemptions, withdrawing those no longer warranted,

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modifying or curtailing those which are unnecessarily broad and granting only those which are sufficiently justified. As we stated in commenting on the bills pertaining to surplus property and traffic management, however, we believe some exemptions would be necessary. For example, we doubt that the General Services Administration should have authority over storage of fissionable material, weapons components, or the materials and equipment used by the Central Intelligence Agency.

In summary, we would be opposed to enactment of either S. 2365 or S. 2469 in their present form because (1) we believe the General Services Administration already has very strong authority to control and manage the storage and warehousing activities of the Government, and (2) the bills would remove requirements placed upon the Administrator which we believe are entirely reasonable and which should not hamper the Administrator in carrying out his responsibilities. We would not object to a bill similar to S. 2591, however, which would repeal exemptions from control by the Administrator over warehousing and storage operations and which would authorize the President to make exemptions by Executive order when he deems such action to be in the public interest.

Sincerely yours,

(Signed) Rowland Hughes

Director

Honorable John F. Kennedy  
Chairman, Subcommittee on Reorganization  
Committee on Government Operations  
United States Senate  
Washington 25, D. C.

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NO. 4

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Bureau of the Budget

25X1A ROUTE SLIP

TO

Central Intelligence Agency

FROM George Mullins  
Bureau of the Budget

DATE 4-24-56

REMARKS

Take necessary action	<input type="checkbox"/>
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Comment	<input type="checkbox"/>
Prepare reply	<input type="checkbox"/>
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